



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVENUE, S E
WASHINGTON NAVY YARD, DC 20376-0001

IN REPLY TO

CD&F Number: 21,444

Code: 0221

CLASS DETERMINATION AND FINDINGS

Upon the basis of the following findings, I, as Head of the Contracting Activity, Commander, Naval Sea Systems Command (SEA 00), in accordance with policy as set forth in the Federal Acquisition Regulation (FAR) 17.105-1(b), Defense Federal Acquisition Regulation Supplement (DFARS) 217.172(f)(2), and Navy Marine Corps Acquisition Regulation Supplement (NMCARS) 5217.105-1(b), hereby determine that the proposed Fiscal Year 2019-2023 VIRGINIA Class Submarine Block V ship construction Multiyear Procurement (MYP) contract meets all the requirements of Title 10, U.S.C. 2306b(a)(1) through (7), as implemented by DFARS 217.172 h(2)(i) through (vii).

FINDINGS

1. Prior to award of multiyear contracts for the purchase of property, 10 U.S.C. 2306b(a), as implemented by DFARS 217.172 and (h)(2), requires the Head of an Agency (Secretary of the Navy) to render a Determination and Findings (D&F) validating certain conditions are met by the proposed multiyear contracts. Pursuant to NMCARS 5217.172(b), this D&F authority has been delegated to the Head of the Contracting Activity (HCA), SEA 00. With respect to the proposed VIRGINIA Class Submarine Block V contract, I have considered the content and supporting information pertaining to the Certification and Determination of the Secretary of Defense dated 16 June 2017, and submitted by the Secretary pursuant to 10 U.S.C. 2306b(a) in support of Congressional evaluation of an authorization decision on the subject contract.

2. As substantiated fully by the evidence of record, I find each of the following:

10 U.S.C. 2306b(a)(1): that the use of such contracts will result in significant savings of the total anticipated costs of carrying out the program through annual contracts. Director, Cost Assessment and Program Evaluation (CAPE) provided the Defense Acquisition Executive with an assessment that showed the use of multiyear contracts would result in significant savings of \$1.8B (6.8%) to the contract ceiling price when compared to

total anticipated costs of carrying out the program through annual contracts. Substantially higher savings of \$4.4B, or 16.5% would be realized if the contract target price were achieved. CAPE completed an updated assessment following negotiations and the receipt of shipbuilder pricing supporting the determination of significant savings.

10 U.S.C. 2306b(a)(2): that the minimum need for the property to be purchased is expected to remain substantially unchanged during the contemplated MYP contract period in terms of production rate, procurement rate, and total quantities. The terms of the proposed contracts correspond with the FY 2019 funding and budget funding requests for FY 2019-2023 in substantiating that the minimum need remains substantially unchanged.

10 U.S.C. 2306b(a)(3): that there is a reasonable expectation that throughout the contemplated contract period, funds for the contract will be requested at the level required to avoid contract cancellation. The current and projected budgets are anticipated to fulfill the minimum quantities required to avoid contract cancellation.

10 U.S.C. 2306b(a)(4): that there is a stable design for the property to be acquired and that the technical risks associated with such property are not excessive. The proposed multiyear contract is for the production of mature Block V VIRGINIA Class submarines.

10 U.S.C. 2306b(a)(5): that the estimates of both the cost of the contract and the anticipated cost avoidance through the use of multiyear contracts are realistic. The data evaluated by the Director, CAPE and the agency prior to proposal receipt, as well as the data analyzed during the course of the proposal evaluation for the Block V submarines, substantiate that the estimate of cost avoidance is realistic.


10 U.S.C. 2306b(a)(6): that the use of multiyear contract for the subject purchases will promote the national security of the United States. Continued production of VIRGINIA Class submarines is needed to maintain the required fleet and combatant force level requirements.

10 U.S.C. 2306b(a)(7): that the conditions required by subparagraph (C) through (F) of paragraph (1) of subsection (i)(3) will be met, in accordance with the Secretary's

certification and determination under such subsection, by such contracts. Specifically, I find that the VIRGINIA Class submarines and associated systems have not been determined to have experienced cost growth in excess of the critical cost growth threshold pursuant to Section 2433(d) of Title 10 within five years prior to the dates such contracts are anticipated to be awarded; that a sufficient number of end items of the ships and associated systems being acquired under such contracts have been delivered at or within the most current estimates of the program acquisition unit cost or procurement unit cost for such ships and associated systems to determine that current estimates of such unit costs are realistic; that sufficient FY 2020 funds are available to perform the contracts and the Future Years Defense Program (FYDP) will include the funding required to execute the program without cancellation; that the proposed multiyear contracts are fixed price type contracts, and; that the proposed multiyear contract provides for production at not less than minimum economic rate given the existing tooling and facilities.

DETERMINATION

Based on the above findings, I hereby determine that the proposed VIRGINIA Block V construction MYP contract will satisfy all of the conditions set forth in Title 10 U.S.C. 2306b(a) (1) through (7).

 VAAM
T. J. Moore
Vice Admiral, U.S. Navy

10/17/19
Date